

HOUSE BILL No. 1041

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-32.

Synopsis: Child and dependent care tax credit. Provides a refundable income tax credit to individuals for certain household, child care, or dependent care expenses associated with an individual's gainful employment. Provides that the amount of the credit is 50% of the amount allowed for the federal child and dependent care credit. Provides that an individual whose federal adjusted gross income exceeds \$45,000 is not eligible for the credit.

Effective: January 1, 2009.

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January 8, 2008, read first time and referred to Committee on Ways and Means.

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Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1041

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-32 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2009]:

4 **Chapter 32. Child and Dependent Care Tax Credit**

5 **Sec. 1. As used in this chapter, "applicable percentage" has the**
6 **meaning set forth in Section 21(a)(2) of the Internal Revenue Code.**

7 **Sec. 2. As used in this chapter, "eligible employment-related**
8 **expenses" means the amount of employment-related expenses (as**
9 **defined in Section 21(b)(2) of the Internal Revenue Code) that**
10 **remains after applying the dollar limitations of Section 21(c) and**
11 **Section 21(d) of the Internal Revenue Code.**

12 **Sec. 3. (a) Subject to subsection (b) and the special rules of**
13 **Section 21(e) of the Internal Revenue Code, an individual may**
14 **claim a credit under this chapter in each taxable year equal to the**
15 **product of the following:**

- 16 (1) Fifty percent (50%).
17 (2) The applicable percentage.



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1 (3) The eligible employment-related expenses paid by the
2 individual during the taxable year.

3 (b) An individual whose federal adjusted gross income (as
4 defined in Section 62 of the Internal Revenue Code) exceeds
5 forty-five thousand dollars (\$45,000) for the taxable year is not
6 eligible for the credit provided by this chapter.

7 Sec. 4. If the credit amount provided by this chapter exceeds the
8 taxpayer's adjusted gross income tax liability for the taxable year,
9 the department shall refund the excess to the taxpayer.

10 Sec. 5. To obtain a credit under this chapter, a taxpayer must
11 claim the credit in the manner prescribed by the department. The
12 taxpayer must submit to the department all information that the
13 department determines is necessary for the calculation of the credit
14 provided by this chapter.

15 SECTION 2. [EFFECTIVE JANUARY 1, 2009] IC 6-3.1-32, as
16 added by this act, applies only to taxable years beginning after
17 December 31, 2008.

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